

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 004881

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SUBJECT: LU HSIU-LIEN NEVER CEASES TO AMAZE

REF: A. TAIPEI 4870
 B. TAIPEI 4840
 C. TAIPEI 4818

Classified By: AIT Deputy Director David J. Keegan, Reasons: 1.4 (b/d)

¶1. (C) A week ago, the Democratic Progressive Party (DPP) Central Standing Committee (CSC), which does not include President Chen Shui-bian, shocked all observers by selecting Vice President Lu Hsiu-lien as its interim chairman (Ref C). On Monday December 12 Lu shocked observers again by abruptly offering her resignation as acting party chairman. Lu stated, inaccurately, in a press release that she had been acting on Chen's behalf in serving as interim party chairman; she said that she had decided to resign because she saw no prospects for party reform in the foreseeable future and did not want to become a victim of factional struggle within the party. The next day Chen issued his own much longer press release repudiating Lu's claim to be acting on his behalf and distancing himself from decisions concerning party affairs, including the question of who should be acting chairman. On Tuesday and Wednesday, many DPP legislators and even KMT Chairman Ma Ying-jeou expressed concern about the apparent friction between Chen and Lu. Lu stated emphatically several times that she would not stay on as acting chairman, and on Wednesday morning she criticized &those in charge8 for being shortsighted and only concerned with power.

¶2. (C) The drama came to a head Wednesday afternoon, December 14, as the DPP CSC met for its weekly meeting and faced the need to cope with Lu's resignation. Senior members of the CSC expressed their hope that they could persuade Lu to withdraw her resignation. Otherwise, they noted, the DPP would have to appoint another acting chairman. On Wednesday morning the media added to the drama, reporting that Lu had declined to attend the CSC meeting. Without warning, Lu subsequently reversed course, canceled her original afternoon activities, and attended the CSC meeting. Going into the meeting she again proclaimed to the press that she would not stay on as acting chairman. When the meeting concluded nearly three hours later, participants told the press that Lu had agreed to withdraw her resignation and stay on as acting chairman. Neither Lu nor anyone else said much, and the only ones to appear enthusiastic were several of Lu's staunch supporters such as legislators Trong Chai and Chou Ching-yu. Presidential Office Secretary General Yu Shyi-kun rushed out without saying anything to the media.

Comment

¶3. (C) It is hard to exaggerate the disarray in the Chen Administration at this moment. President Chen has sulked for nine days about the recent election losses, and is only now beginning to reemerge for carefully structured meetings with controlled audiences. Lu's flip-flop actions (accepting, resigning, and resuming the acting chairmanship position) will boost her reputation for unpredictability and be seen as an effort to launch her presidential campaign in the midst of the current DPP paralysis. DPP legislator Lin Cho-shui told AIT prior to the CSC meeting that he believes Lu really wants to be the party chairman. It should be clear within days whether she is entering the chairmanship race, to be decided by DPP members in an island-wide election in mid-January. While Lu is thus far free from the corruption allegations that have tarred many DPP leaders, she has alienated many by her unpredictability, propensity to disregard policy, and her insistence on uncoordinated controversial blasts. Chen's continued withdrawal from the political arena makes his weakness look largely self-inflicted, as Lu's unbridled excess reinforces the picture of a DPP without any coherence or direction. It remains to be seen whether the numerous calls from DPP legislators for Chen to reengage will have their intended effect.

¶4. (C) By persuading Lu to remain as acting chairman, the DPP has guaranteed itself another month of Lu's signature &loose cannon8 broadsides. Lu's retention makes it almost inevitable that the DPP's two leaders, the President and Vice President, will continue to exchange highly personal attacks to the delight of the Pan Blue opposition. They have also made it very likely that DPP moderates and Lu and the fundamentalists will step up attacks on each other in the run up to the January DPP election for party chairman. At stake

will be not simply the selection of the next DPP chairman,
but also the future of the DPP itself.

PAAL